OLENE WALKER HOUSING LOAN FUND ANNUAL REPORT

2017

WORKFORCE SERVICES
HOUSING & COMMUNITY DEVELOPMENT

CONTENTS

Executive Summary 1

Accomplishments and Statistics 3

Profile of Utah's Low-Income Housing Needs 7

Program Planning Efforts 12

Administration and Portfolio Management 13

Set-Asides 15

Board Membership 16

WORKFORCE SERVICES
HOUSING & COMMUNITY DEVELOPMENT

The Olene Walker Housing Loan Fund partners with public and private organizations to create and preserve affordable housing for Utah's low-income community.

EXECUTIVE SUMMARY

The Olene Walker Housing Loan Fund (OWHLF) partners with public and private organizations to create and preserve affordable housing for Utah's low-income community. To achieve this goal, the Housing and Community Development Division and the OWHLF Board have eight OWHLF-funded programs and initiatives that support the construction, rehabilitation and purchase of affordable multifamily and single-family housing throughout Utah. These programs are based on fair, open and competitive processes for applicant proposals that create and preserve low-income housing units.

Housing and Community Development has maintained a vision for affordable housing that includes the production of safe, decent and affordable housing for low-income citizens, development of new partnerships to leverage OWHLF, and support for ongoing efforts to end chronic homelessness in Utah. The following report outlines the accomplishments of the OWHLF programs for Utah during the fiscal year ending June 30, 2017 (FY17).

The fund supported construction or rehabilitation of 1,959 multifamily units and 95 single-family units statewide (see Table 1). Continued high costs for land, materials and labor created a better overall opportunity for investment in multifamily units rather than single-family units. OWHLF was able to support units at $9,684 per multifamily unit and $10,681 per single-family unit.

Leveraging continues to be an important strategy for the OWHLF Board to increase the affordable housing stock in Utah. As Chart 1 indicates, OWHLF leveraging has consistently increased from $10.98 spent for each dollar spent from OWHLF in 2013 to current leveraging level of $19.49 per OWHLF dollar spent. In 2017, the OWHLF Board allocated over $18 million in state and federal funds to support multifamily projects. Through leveraging, over $350 million from other sources were spent on multifamily projects during FY17. An additional $3.5 million was leveraged for use in OWHLF-sponsored single-family projects.

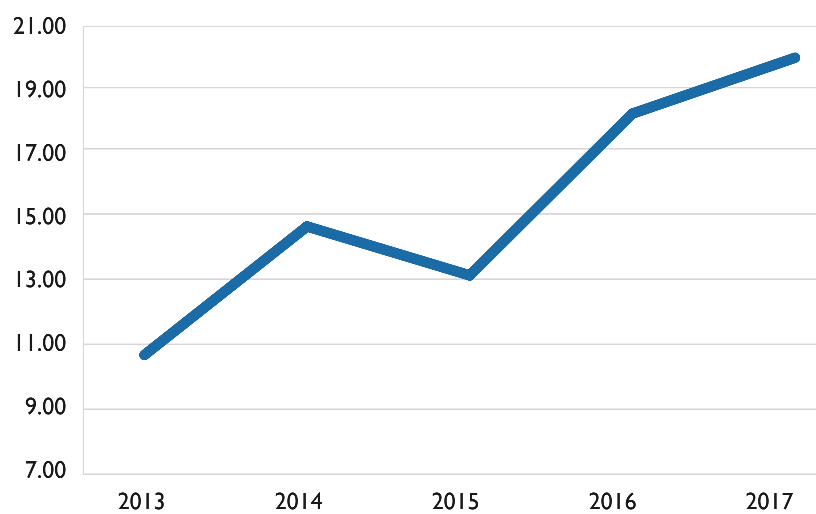
The Board will continue to increase leveraging opportunities through additional funding partners and create new loan products. Housing and Community Development is also working with local communities that possess Redevelopment Area and Economic Development Area (RDA/EDA) tax-increment financing set-asides for affordable housing and will also to continue to pursue additional leveraging opportunities with Community Reinvestment Act (CRA) partners within the banking community, federal low-income housing tax credits (LIHTC), historical and energy tax credits, private foundations and bond sources. Leveraging opportunities allowed OWHLF to fund 2,054 new or rehabilitated units from federal and state tax credits, Community Development Block Grants, U.S. Department of Agriculture (USDA) Rural Development and private nonprofit foundations.

Table 1. Year-to-year Comparison of OWHLF Funding and Accomplishments

	Program Yr 15-16	Program Yr 16-17
HUD HOME Funding	$2,701,950	$2,721,100
National Housing Trust Fund	$0	$3,000,000
State Funding	$2,242,900	$2,242,900
Total Funds Available	$4,944,850	$7,964,000
Total Units Assisted	843 units	2054 units
Current Total Portfolio (number of open loans)	971 loans	964 loans
Total Value of Current Portfolio (loans and funds available)	$137,276,109	$139,640,275
Jobs Created *	2,038 jobs	4,859 jobs
Cumulative Totals (housing units funded since 1987)	16,368 units	18,422 units
Multifamily (MF) Units:		
MF Affordable Units (constructed or rehabilitated)	715 units	1,959 units
Average OWHLF MF Subsidy	$11,521/housing unit	$9,684/housing unit
Household Income Served (percent of area median income for MF units)	43.08%	41.61%
MF Fund Leveraging per OWHLF dollar	$17.89	$19.49
Single-Family (SF) Units:		
SF Affordable Units (constructed or rehabilitated)	128 units	95 units
Average OWHLF SF Subsidy	$11,567 per unit	$10,681 per unit

* Jobs created is determined by the total value of projects which are in construction during the FY and receive OWHLF leveraged funds and is not related to the total value of current portfolio.

Chart 1. Dollars Leveraged per OWHLF Dollar



ACCOMPLISHMENTS AND STATISTICS

POPULATION SERVED

The OWHLF Board continues to target Utah citizens in greatest need. The 2017 area median income of all Utah renter households served by the OWHLF averages 41.61 percent of the area median income. Chart 2 shows the average percent of area median income served for each of the past five years.

OWHLF ASSETS

OWHLF's total value (including all loans outstanding, property assets and funds available) increased to over $139 million in FY17 from $137 million in FY16 (see Table 2). The number of Housing and Community Development staff assigned to OWHLF is 10 full-time equivalents.

Funding to OWHLF helps to meet Utah's affordable housing needs for rental and homeownership opportunities. The production rate from OWHLF has averaged 750–800 multifamily units and 100–125 single-family units per year over the past five years. Utah's need for new affordable units for home ownership has been estimated at almost 3,500 units per year and over 5,100 units of new rental housing per year. Utah's cumulative statewide backlog for new affordable rental units alone is estimated at 38,447 units by the National Low Income Housing Coalition. In spite of the need for affordable units, the Federal HOME Program received no additional funding for FY16 and has experienced a 42 percent decrease since the peak in home funding in FY08. The state has stepped in to fill in a portion of that gap with a one-time $1 million grant awarded in FY16.

Chart 2. Percent Area Median Income Served

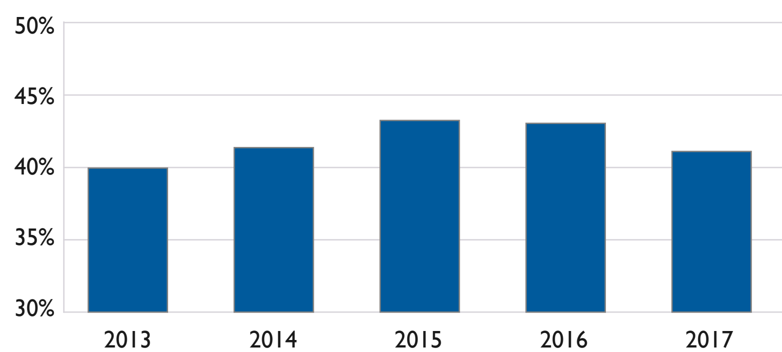


Table 2. OWHLF Assets								
Fiscal Year	**Rental Rehab (1)**	**Rural Development (2)**	**Home**	**ADDI (3)**	**State Match**	**One Time**	**National Housing Trust Fund**	**Total Funding**
1985	$208,645	$0	$0	$0	$0	$0	$0	$208,645
1986	$370,744	$0	$0	$0	$0	$0	$0	$370,744
1987	$187,893	$0	$0	$0	$0	$0	$0	$187,893
1988	$277,265	$200,000	$0	$0	$0	$0	$0	$477,265
1989	$232,150	$200,000	$0	$0	$0	$0	$0	$432,150
1990	$100,701	$200,000	$0	$0	$0	$0	$0	$300,701
1991	$143,650	$200,000	$0	$0	$0	$0	$0	$343,650
1992	$83,700	$200,000	$0	$0	$0	$0	$0	$283,700
1993	$0	$200,000	$3,000,000	$0	$0	$0	$0	$3,200,000
1994	$0	$200,000	$3,000,000	$0	$0	$0	$0	$3,200,000
1995	$0	$200,000	$2,906,000	$0	$2,400,000	$0	$0	$5,506,000
1996	$0	$162,350	$3,000,000	$0	$1,250,000	$1,250,000	$0	$5,662,350
1997	$0	$150,000	$3,000,000	$0	$2,250,000	$1,250,000	$0	$6,650,000
1998	$0	$100,000	$3,000,000	$0	$1,500,000	$750,000	$0	$5,350,000
1999	$0	$118,000	$3,000,000	$0	$1,000,000	$1,500,000	$0	$5,618,000
2000	$0	$50,000	$3,000,000	$0	$1,000,000	$500,000	$0	$4,550,000
2001	$0	$40,000	$3,000,000	$0	$1,500,000	$500,000	$0	$5,040,000
2002	$0	$50,000	$3,358,000	$0	$2,000,000	$313,000	$0	$5,721,000
2003	$0	$0	$3,430,000	$0	$2,525,000	$0	$0	$5,955,000
2004	$0	$0	$4,154,000	$170,619	$2,084,500	$0	$0	$6,409,119
2005	$0	$0	$4,211,827	$201,395	$2,084,500	$200,000	$0	$6,697,722
2006	$0	$0	$4,015,543	$114,540	$2,236,400	$500,000	$0	$6,866,483
2007	$0	$1,500,000	$3,783,080	$57,305	$2,286,400	$1,000,000	$0	$8,626,785
2008	$0	$61,000	$3,829,421	$57,374	$2,736,400	$0	$0	$6,684,195
2009	$0	$0	$3,683,005	$23,181	$2,796,400	$450,000	$0	$6,952,586
2010	$0	$0	$4,078,334	$0	$2,295,700	$0	$0	$6,374,034
2011	$0	$0	$3,678,665	$0	$2,242,900	$0	$0	$5,921,565
2012	$0	$1,000,000	$3,145,900	$0	$2,242,900	$0	$0	$6,388,800
2013	$0	$0	$3,000,000	$0	$2,242,900	$0	$0	$5,242,900
2014	$0	$0	$2,700,000	$0	$2,242,900	$0	$0	$4,942,900
2015	$0	$0	$2,716,100	$0	$2,242,900	$0	$0	$4,959,000
2016	$0	$0	$2,701,950	$0	$2,242,900	$1,000,000	$0	$5,944,850
2017	$0	$0	$2,721,100	$0	$2,242,900	$0	$3,000,000	$7,964,000
Total	**$1,604,748**	**$4,831,350**	**$82,112,925**	**$624,414**	**$47,645,600**	**$9,213,000**	**$3,000,000**	**$149,032,037**

(1) *In 1992 the HUD-sponsored HOME Program replaced the HUD-sponsored Rental Rehabilitation Program*

(2) *The data shown under "Rural Development" are for single-family programs and rural 515 properties sponsored by the U.S. Department of Agriculture*

(3) *For 2003, HUD announced the American Dream Down-Payment Initiative (ADDI) for first-time homebuyers. Funds were distributed to states on a formula basis. The program ended in 2009.*

HOMELESS ASSISTANCE

Since 2005, OWHLF has supported the construction of 856 units for homeless people. Staff monitors tenancy so that they are available for homeless individuals or families.

LONG-TERM STABILITY

OWHLF continues to require funded properties to remain affordable for up to 30 years. In addition, the application review process, loan underwriting and compliance monitoring by Housing and Community Development staff assure that property owners possess the ability, stability and resources to complete and manage a property throughout the loan period. Six trainings were held during the year to inform local partners and agencies on such topics as the Fair Housing Act, environmental requirements, Davis-Bacon provisions and program standards. Housing and Community Development completed long-term compliance monitoring for 221 different properties during the year. Compliance monitoring includes review of tenant files at each property, physical inspection of units, assessment of accessibility, verification of adherence to federal Fair Housing laws, use of set-aside units for the homeless and disabled and review of agency financial records.

SELF-HELP HOMES

In partnership with the United States Department of Agriculture Rural Development, seven local agencies that serve rural Utah received OWHLF money for rural Self-Help Housing projects. The 1,224 self-help homes constructed to date includes 99 homes completed during FY17. Households contribute 60 percent of the labor for each home under the direction of an agency's construction supervisors. Licensed contractors complete code-sensitive aspects of construction. Rural Development pegs the total net value of the program to date at more than $286 million.

HOME OWNERSHIP SAVINGS ASSISTANCE

The Utah Individual Development Account (IDA) Network administered by AAA Fair Credit has helped a total of 366 Utah households save money to buy a home. In 2017, the IDA program was supported by $89,500 in pass-through funds from the Utah Legislature as well as funding from the U.S. Department of Health and Human Services and from area financial institutions. Under this statewide program, households save toward home ownership with matching grant funds provided by participating partners. In FY17, successful savers purchased 25 homes with a net value at over $4.5 million.

NATIVE AMERICAN HOUSING ASSISTANCE

The OWHLF provided $60,000 to upgrade 46 Native American low-income homes in the Navajo Mountain Chapter area of the Navajo Indian Reservation. Over 300 youth volunteers provided approximately 9,000 service hours to complete the renovations. The project was managed by the Southeastern Association of Governments and the Housing and Community Development Weatherization Assistance Program. A total of 787 Native American units have been upgraded under this program to date.

ENERGY CONSERVATION

Housing and Community Development continues to require ENERGY STAR qualification or a comparable HERS threshold for all projects receiving OWHLF funds. During FY17, 8,037 units were funded for construction or rehabilitation to ENERGY STAR qualifying levels, compared to a total of 6,450 units for FY16.

ASSISTANCE FOR ACCESSIBLE HOUSING

Accessibility is a major factor in affordable housing since one in five very low-income households includes a disabled person. During FY17, a total of 83 units were funded that accommodate individuals with disabilities. In addition to these 83 units, 17 households with disabled members made home purchases through the OWHLF HomeChoice Program. All accessible multifamily units funded through the OWHLF are inspected at least biannually to assure that individuals with disabilities are targeted for available units and that unit dimensions, fixtures and appliances comply with federal Fair Housing and Section 504 accessibility guidelines.

RURAL SINGLE-FAMILY REHABILITATION AND RECONSTRUCTION PROGRAM

This program provides loans statewide through eight agencies for rehabilitating and replacing dilapidated rural housing. As of June 30, 2017, the local agencies had completed 486 projects, including 44 replacement homes and 442 renovated homes.

COMMUNITY-DRIVEN HOUSING PROGRAM

Housing and Community Development continues to increase local government compliance with Utah Code 10-9a-403 and 17-27a-403. Since its inception, the Community-Driven Housing Program has helped 133 (93.7 percent) of Utah's 142 cities implement a moderate-income housing plan; 11 of the 12 counties have also implemented plans. The program is working with all remaining communities to prepare current moderate-income housing plans.

In accordance with the requirements set forth in Utah Code 10-9a-408 and 17-27a-408, Housing and Community Development continues to assist cities and counties in their efforts to perform a biennial review of their moderate-income housing plans. Housing and Community Development facilitates the reporting process by contacting each city and county required to submit a report during the year, distributing a uniform biennial reporting form and providing technical assistance requested by city and county officials. All reports are now submitted online and can be found catalogued on the Workforce Services website.

The Community-Driven Housing Program funding set-aside within OWHLF represents part of the state's ongoing efforts to increase support for affordable housing. Based on the philosophy that a local government understands its unique affordable housing needs better than third-party developers and other entities, the Community-Driven Housing Program set-aside encourages local participation in the development of affordable housing.

Communities that fulfill biennial reporting requirements and have submitted a quality moderate-income housing plan are invited to participate in Community-Driven Housing Program each year. The program encourages participating cities and counties to act on the goals established in their plans by providing them with funding for multifamily housing development benefitting targeted, extremely low-income, low-income and moderate-income households.

TRANSIT ORIENTED DEVELOPMENT FUND

The Transit Oriented Development Fund is designed to fund large multifamily housing properties along transit-oriented areas. These locations include stops along the TRAX and FrontRunner lines which operate along the Wasatch Front. Transit Oriented Development is especially important because it allows low-income households the option to commute without the reliance on personal vehicles.

Juniper Village (Blanding, UT)

PROFILE OF UTAH'S LOW-INCOME HOUSING NEEDS

Working households across the country continue to face significant challenges in finding affordable housing, especially in areas with strong economic growth, such as Utah. In 2014, 17.6 million households across the United States had severe housing cost burdens with renters facing the biggest affordability challenges, according to The Center for Housing Policy. More than 9.6 million working-class households with gross incomes under the median income spent more than half of their income on housing costs. In fact, 24.2 percent of all renter households were severely burdened, compared to 9.7 percent of all owner households. These percentages were even higher for working-class households, with 25.1 percent of renters facing severe housing cost burdens.

Jonathan Hardy, Housing and Community Development Division Director states, "Utah is a wonderful place to live, work, recreate and raise a family. Critical to the quality of life for all is affordable housing. Recent analysis of national and local trends indicates that Utah is facing an increasingly serious shortage of rental housing affordable for lower income households. Extremely low-income households, those who earn less than 30 percent of the area median income, are among those most adversely affected. These households include some of our most vulnerable populations such as our young families, elderly, disabled, homeless, institutionalized and particularly those who fall within the intergenerational poverty demographics. A stable, decent and affordable home is fundamental for any household to thrive in Utah."

With this concern in mind, Lt. Governor Spencer Cox formed an Affordable Housing Task Force in spring 2016, to discuss and then address the affordable housing needs in the state of Utah. The first action item on this committee's agenda was to commission a statewide needs assessment and gap analysis. The intent of that analysis was to lay the groundwork for a state affordable housing plan. The purpose of the report was to provide a rational basis upon which Utahns can build a shared vision of the state's affordable housing future. Useful information in this report enables state and community leaders to understand affordable housing gaps, identify targets, set goals and develop effective strategies that will meet Utah's affordable housing needs. This report focuses mainly on meeting the affordable rental housing needs of all low-income households in Utah, while the analysis underpinning it was designed to assess the extent of Utah's low-income housing gap as well as to gauge the capacity of the state's housing programs and resources that will be required to meet these needs. The report is available at: jobs.utah.gov/housing/publications/annual_reports.html.

The National Low Income Housing Coalition (NLIHC) analyzes the availability of affordable low-income rental housing every year. Its national examinations have revealed that the gap between the number of extremely low-income households and the number of affordable and available rental units has grown in many counties across the nation since the recession of the late 2000s. Despite the increasing national demand for affordable housing, most of the nation's newly built rental units are only affordable to households with incomes above 50 percent of the HAMFI. Also, the existing subsidized housing stock continues to diminish due to demolition or contract expiration, while many low-income households linger on waiting lists for years.

NLIHC's 2016 profile of Utah showed that the availability of affordable housing is a significant challenge for the state's lowest-income households and that a high proportion of its renters are overburdened by housing costs. Utah had an average shortage of 38,447 affordable rental units available to extremely low-income renters between 2009 and 2013. Estimates indicate that renters with an income under 80 percent of the HAMFI had a surplus of two available and affordable units per 100 households while renters below 50 percent of the HAMFI were short by 41 units per 100 households, and renters under 30 percent of the HAMFI had a deficit of 67 units per 100 households. Except for the extremely low-income threshold, NLIHC does not provide sufficient information on the remaining shares of Utah's renter households, which limits the utility of these estimates in terms of quantifying their housing needs.

NLIHC's estimates rely on the Census Bureau's annual releases of Public Use Microdata Sample, unlike HUD's estimates. HUD's data for the Comprehensive Affordable Housing Strategy is derived from the full datasets used to compile the American Community Survey and is used in determining official Fair Market Rents (FMR) and program-qualifying income limits for each area. Although NLIHC's estimates tend to fall fairly close to HUD's estimates when Comprehensive Affordable Housing Strategy data are finally released, they are not official, which limits their utility since funding from HUD is based on its own estimates. Furthermore, assessing the capacity of Utah's housing programs and determining the resources needed to deal with a housing problem depend upon knowing more than general rates and proportions for the state; it requires an understanding of local housing gaps in terms of actual households.

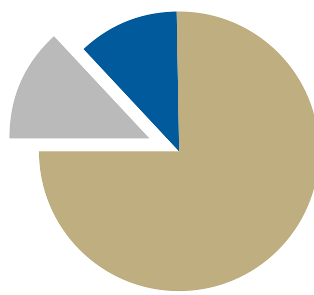
In its annual "Out of Reach" report, NLIHC examines the hourly wage needed to afford the typical rental unit in each of Utah's counties. Its methodology for calculating an area's housing wages is transparent and replicable, which made it possible to conduct an analysis of HUD's 2017 Fair Market Rents. Table 3 contains the results for each county. Based on the Fair Market Rents that HUD published for 2017, the average FMR for a two-bedroom apartment in Utah is anticipated to be $876 per month in 2017. Quarterly Census of Earnings and Wages renter household will need to earn at least $35,035 annually, $2,920 per month or $16.84 per hour to afford the average rental unit at FMR, assuming full-time employment. Hourly wage shortfalls will present a real challenge for many of Utah's renter households in 2017. Using NLIHC's methodology, it is estimated that the average renter in Utah would need an additional $4.10 per hour, working full-time, to afford a two-bedroom apartment at FMR; the average renter in Utah earns $12.74 per hour. The average renter earns less than the necessary wage to afford a two-bedroom apartment

45.6%

UTAH RENTER HOUSEHOLDS ARE **COST-BURDENED**

23.3%

ARE **SEVERELY COST-BURDENED**



86.7%

EXTREMELY LOW-INCOME RENTER HOUSEHOLDS ARE **COST-BURDENED**

75.1%

ARE **SEVERELY COST-BURDENED**

43,884

MORE AFFORDABLE UNITS NEEDED FOR EXTREMELY LOW-INCOME RENTER HOUSEHOLDS

446

ADDITIONAL EXTREMELY LOW-INCOME RENTER HOUSEHOLDS ARE ADDED IN UTAH YEARLY at FMR in 25 of 29 counties, and the average renter in only nine counties has a wage greater than or equal to 80 percent of the income necessary to afford an FMR apartment. Nowhere in Utah can a full-time worker earn minimum wage and afford a two-bedroom apartment at FMR alone. It would take a single worker a total of 121 hours of work at $7.25 per hour just to cover the monthly average FMR in Utah.

Home-building construction has remained strong after a very busy year last year. According to the 2016 University of Utah, David Eccles School of Business Ivory-Boyer Construction Report, the value of residential construction increased to $4 billion, seven percent higher than 2015, while the number of dwelling units receiving building permits was up 11 percent to 19,532 units. Residential construction includes single-family homes and multifamily units, which includes condominiums, townhomes and apartments. In 2016, single-family construction increased to 10,579 units, the highest level since 2007. Even so, the number of new single-family units is still well below construction activity prior to 2008. During the 15-year stretch from 1993 to 2007, the number of single-family homes receiving building permits averaged 15,300 units, well above the single-family level in 2016. Eighty-three percent of all residential construction in the state in 2016 was located in four counties: Salt Lake County with 8,305 new dwelling units accounted for 43 percent of all new residential units statewide; Utah County (3,988 units) ranked second with a 20 percent share; Washington County (2,165 units) with an 11 percent share; and Davis County (1,721 units) with an 8.8 percent share. Washington County's residential construction was up 30 percent in 2016 to the highest level in 11 years. The demand for housing appears to be outpacing supply. All housing markets – rental market, existing "for sale" home market, and new home market – show signs of stress related to a housing shortage. Rental vacancy rates are low, existing homes are typically sold with a few days of listing and home builders are "flat out" trying to keep up with demand. The home builder is hampered by three supply bottlenecks that are holding back new construction: labor shortage, high land costs and local regulations and zoning ordinances. For the first time in more than 40 years, the increase in households in Utah is greater than the number of new housing units built. The projection for household growth in 2017 is above 25,000, but it is unlikely that Utah's home building industry can produce more than 21,000 new homes given the supply bottlenecks facing builders. In recent years, the affordability of owner-occupied housing has become more of an issue pushing a larger share of households into the rental market. Consequently, Utah has been in an apartment development boom over the past few years. In 2014, apartment construction suddenly took off with an increase of 265 percent over the previous year as apartment unit permits hit a 30-year high of 6,700 units. Activity slowed in 2015 to 5,026 units, but increased again in 2016 as permits were issued for 5,735 apartment units. Over the past three years, nearly 17,500 new apartment units have received building permits statewide, an extraordinarily high level of apartment construction. The growing preference (or in many cases, necessity) for rental housing is one of the structural changes underway in the housing market. Vacancy rates in most rental markets throughout the state are below five percent, rental rates are increasing at four to five percent annually, and the absorption rate of new units is brisk. The apartment boom is concentrated in Salt Lake and Utah Counties, which together account for nearly 85 percent of the new apartment construction over the past three years. In 2016, Salt Lake County had 4,465 permits issued for apartment units, the highest number of rental units for either Salt Lake or Utah County during the apartment boom.

REHABILITATION NEEDS

In addition to this demand for new units, affordability must be maintained for over 176,000 existing low-income housing units. This includes over 97,000 rental units. A statewide survey of Utah's low-income housing stock shows an ongoing need for rehabilitation. For the lowest-income population, this equates to over 8,500 units needing full rehabilitation each year.

In parts of southeastern Utah, 34 percent of homes are considered deteriorated or dilapidated. The need for extensive rehabilitation of housing stock is serious. In many counties in central and eastern Utah, the population is stagnant with little new housing, and the aging housing stock has not been maintained properly. OWHLF runs a rural single-family rehabilitation and reconstruction program to address this situation. Under the OWHLF programs, participants living in these difficult, unsafe or unsanitary conditions are identified for assistance. All owner-occupied single-family homes rehabilitated by OWHLF in FY17 had health and safety issues.

Table 3. Current Housing Burden for Utah Renters					
County	**% of Total Households that are Renters**	**Annual Area Median Income**	**Estimated Mean Renter Wage**	**Two-Bedroom Fair Market Rent**	**Full-Time Jobs at Mean Renter Wage Needed to Afford 2 Bdrm FMR**
Utah State	31%	$71,865	$13.26	$885	2.3
Non Metro	26%	$66,797	$12.38	$761	2.0
Beaver County	25%	$62,500	$9.51	$650	1.7
Box Elder County	23%	$65,800	$11.27	$685	1.8
Cache County	35%	$60,200	$9.21	$681	1.8
Carbon County	29%	$62,200	$12.75	$650	1.7
Daggett County	12%	$61,600	$14.25	$826	2.2
Davis County	23%	$76,600	$10.71	$859	2.3
Duchesne County	24%	$68,800	$17.29	$756	2.0
Emery County	17%	$59,800	$14.07	$650	1.7
Garfield County	20%	$51,200	$9.06	$650	1.7
Grand County	32%	$56,700	$9.35	$813	2.2
Iron County	36%	$52,900	$8.25	$650	1.7
Juab County	18%	$69,200	$10.91	$818	2.2
Kane County	20%	$6,200	$11.55	$821	2.2
Millard County	22%	$61,000	$11.89	$650	1.7
Morgan County	17%	$76,600	$9.68	$859	2.3
Piute County	16%	$46,400	$7.73	$816	2.2
Rich County	21%	$63,200	$6.81	$861	2.3
Salt Lake County	34%	$75,400	$15.08	$990	2.6
San Juan County	21%	$50,800	$14.31	$650	1.7
Sanpete County	26%	$59,400	$8.44	$650	1.7
Sevier County	23%	$56,900	$10.32	$650	1.7
Summit County	25%	$103,400	$12.80	$1,033	2.7
Tooele County	23%	$70,000	$11.92	$801	212
Uintah County	24%	$69,100	$18.18	$840	2.2
Utah County	33%	$69,200	$12.39	$818	2.2
Wasatch County	27%	$73,000	$12.41	$929	2.5
Washington County	31%	$59,000	$11.44	$824	2.2
Wayne County	17%	$51,100	$10.32	$650	1.7
Weber County	29%	$76,600	$10.63	$859	2.3

Table 4. FY17 Multifamily Projects					
FY17 Multifamily Projects	**County**	**AMI Served**	**Units Funded**	**OWHLF Allocation**	**Estimated Cost for Total Project**
Arcadia Apartments	Salt Lake	60.00%	211	$1,000,000	$39,270,115
Artesian Springs I	Salt Lake	44.04%	84	$400,000	$118,971,974
Ashby Apartments	Salt Lake	40.96%	27	$133,392	$2,482,385
Bond House	Salt Lake	30.00%	8	$588,408	$1,652,536
Centro Civico Mexicano Apartments	Salt Lake	43.00%	42	$868,457	$10,103,086
Cornell Street Apartments	Salt Lake	56.97%	131	$1,000,000	$25,975,250
Fairview Apartments	Weber	42.53%	32	$351,000	$2,284,000
Granary Place Apartments	Salt Lake	60.00%	134	$1,000,000	$22,385,771
HiGrade Apartments	Salt Lake	43.85%	74	$1,000,000	$15,169,807
Hub of Opportunity Apartments I	Salt Lake	57.44%	89	$300,000	$26,752,769
Hub of Opportunity Apartments II	Salt Lake	43.05%	40	$1,000,000	$14,960,149
Liberty Cornerstone Apartments	Salt Lake	50.00%	64	$2,000,000	$77,051,248
Midvale Shelter	Salt Lake	0%	300	$1,000,000	$7,566,481
Moda Meadowbrook Apartments	Salt Lake	60.00%	145	$1,000,000	$26,634,040
Oquirrh Flats Apartments	Salt Lake	43.67%	67	$1,000,000	$21,007,536
PAAG-Bolos Apartments	Weber	23.60%	20	$1,200,000	$1,200,000
Pacific Drive Apartments	Utah	41.39%	18	$377,376	$4,009,589
Phoenix Services Apartments	Davis	30.00%	14	$1,151,321	$1,551,321
Ritz Apartments	Salt Lake	38.87%	30	$91,039	$2,252,336
Riverwalk Village Apartments	Washington	49.00%	45	$1,360,000	$8,611,000
Station at Pleasant View III	Weber	60.00%	128	$1,000,000	$25,390,805
Valencia Apartments	Weber	42.69%	122	$690,000	$7,027,398
Villa South Apartments	Weber	37.47%	120	$346,000	$7,118,436
Youth Futures Shelter	Weber	0%	14	$113,660	$254,500
Totals/Average		**41.61%**	**1959**	**$18,970,653**	**$369,682,532**

PROGRAM PLANNING EFFORTS

The Olene Walker Housing Loan Fund is required to conduct extensive planning. Every five years OWHLF conducts a study of the housing market and completes a needs assessment based off of this study. Housing and Community Development, of which OWHLF is a part, plans its priorities in the expenditure of funds and decides how to measure its progress. OWHLF then makes specific goals regarding its work and desired outcomes. In doing this, Housing and Community Development is continually reviewing its practices and procedures to ensure efficiency.

The main planning document that guides Housing and Community Development is the Consolidated Plan. This five-year plan is meant to direct activities as a guide and constitution for its efforts. The plan covers not only the OWHLF but also all other grant funds received from the federal government. The Consolidated Plan is required by HUD for the allocation of federal HOME, Emergency Solutions Grant Program, Housing Opportunities for Persons with AIDS program and Community Services Block Grant funds. In completing Utah's Consolidated Plan, Housing and Community Development works closely with the seven Utah regional Associations of Governments. The regional Associations develop their own consolidated plans through research, data gathering and public meetings involving residents, local governments and public service agencies. The statewide Utah Consolidated Plan and updates provide a comprehensive overview of community development, housing, homeless needs and priorities, plus an analysis of impediments to fair-housing choice in Utah.

After completing the five-year Consolidated Plan, Housing and Community Development follows up with Annual Action Plans that make more detailed goals for annual performance. This annual plan takes into account more current information regarding the housing market and the needs of Utah's citizens. At the end of the program year, HUD also requires a Comprehensive Annual Performance and Evaluation Report. In July 2015, HUD approved Utah's 2015–2020 five-year Consolidated Plan. The 2017 Annual Action Plan can be found on HCD's recently renovated website at jobs.utah.gov/housing/publications/consolidated_plan.html.

Liberty Center (Provo, UT)

Richer Place (Park City, UT)

ADMINISTRATION AND PORTFOLIO MANAGEMENT

The OWHLF Board, as established per 63-34-4 and 9-4-701 to 708, governs the fund. Federal HUD and USDA Rural Development rules, state regulations and the OWHLF Program Guidance and Rules guide implementation of programs and distribution of funds. Fund management, expenditures and program operations are reviewed and audited by the U.S. Department of Housing and Urban Development (HUD) and the Utah State auditor.

Since 1987, Housing and Community Development has provided leadership for Utah's affordable housing sector. From 1985 through June 30, 2016, HCD-managed programs and funding have created or preserved a total of 16,368 units statewide. OWHLF monies are dispersed through the Housing and Community Development Division's housing programs to eligible projects that:

- Increase the number of affordable housing units statewide
- Achieve a high degree of leverage with other financing
- Leverage local government contributions in the form of infrastructure improvements and other assistance
- Encourage responsible single-family home ownership and multifamily unit management
- Demonstrate a strong probability of serving the original target group of income for a period of at least five to 15 years
- Serve the greatest need
- Demonstrate the ability, stability and resources to complete the project
- Provide housing for persons and families with the lowest incomes
- Achieve Energy Star and other nationally-recognized green criteria
- Contribute to overall neighborhood and community sustainability
- Meet local government housing plans and local needs
- Mitigate or correct existing health, safety or welfare problems
- Support Utah's efforts to end chronic homelessness

By focusing on loans rather than grants, the OWHLF Board has chosen to roll repayments into new projects to meet Utah's future housing needs.

PROJECT FUNDING CONSIDERATIONS

For each housing project application, Housing and Community Development recommends a level of funding to the OWHLF Board necessary to achieve long-term financial viability and to ensure that low-income populations are served throughout the funding period. Board meetings are conducted under State of Utah public meeting laws. In making final project approvals, the OWHLF Board also considers:

- The sources and uses of funds and total financing, including loan terms, equity and contributions planned for the project
- Adherence to special set-asides for Community Housing Development Organizations, rural set-asides, special-needs housing and grants
- The equity proceeds expected to be generated by use of the low-income housing tax credits
- The percentage of the housing dollar amounts used for hard project costs compared to the cost of intermediaries (e.g., syndication, developer, consulting) and other soft costs
- The reasonableness of the developmental, constructional and operational costs of the project and the rate of return for the owners
- Support from the local community, including the amount of any Community Development Block Grant funds allocated to the project
- Priority of the project in a community's affordable housing plan
- The proposed time frame for construction or rehabilitation
- Project cash flow

There are four application cycles each year. To coincide with the federal tax credit application process, larger requests for OWHLF multifamily project funding tend to occur each fall. An increase in requests for FY18 funding is likely, due to overall demand for affordable housing units, current law, proceeds from tax credit sales and high construction and land costs. For a list of multifamily projects funded in FY17, see Table 4.

Eagle View Townhomes (Richfield, UT)

Imagine Jefferson II (Ogden, UT)

SET-ASIDES

The Olene Walker Housing Loan Fund Board has created the following set-asides to comply with federal and state allocation statutory requirements. These set-asides include:

- **CHDO —** The Board will set aside not less than but not limited to 15 percent of the available HUD funds for qualified Community Housing Development Organizations (CHDOs) in accordance with HUD HOME program rules.
- **Rural Set-Aside —** The Board will set aside approximately 20 percent of the overall funding available for projects located in those areas of the state adopted from the USDA as areas of chronic economic distress otherwise designated by the Board as rural areas.
- **Special Needs —** The Board sets aside 15 percent of the overall funds for use in developing special-needs housing for persons who are elderly, frail, mentally and physically disabled, homeless or afflicted with AIDS who need transitional housing.
- **Multifamily Grants —** A set-aside of five percent of the overall funds available for multifamily projects is made available to qualified projects and individuals as grants per the OWHLF Allocation Plan. At least 90 percent of all funds used as grants benefit persons or families whose income is below 50 percent of the area median income.
- **Multifamily Loans —** To meet the objectives of the program as set forth by the State of Utah per 9-4-703, a set-aside of 50 percent of the overall funds available for multifamily projects is allocated for loans. Those loans are to be made per the criteria outlined in the adopted "Loan Policies and Products."
- **Single-Family —** The Single-Family Allocation Plan utilizes funds to create and preserve single-family housing for lower-income households. Projects must demonstrate containment and resource leveraging, exhibit efficient and effective utilization of funds, encourage individual empowerment, achieve equitable geographic distribution of resources and provide housing to special-needs populations, including larger families and those who are elderly, physically disabled or mentally ill. Single-family programs include the Single-Family Rehabilitation and Reconstruction, Individual Development Accounts, Rural Self Help, HomeChoice for the disabled and Emergency Home Repair.

BOARD MEMBERSHIP

The OWHLF Board is appointed by the governor and includes 11 voting members representing local government, mortgage lenders, real estate sales, homebuilders, rental housing representatives, housing advocates, manufactured housing representatives and the general public. There are two ex-officio Board members. To maintain the integrity of Board decisions and to abide by HUD regulations and state statutes regarding conflicts of interest, all Board members are required to provide the Attorney General's Office and the Office of the Governor with full disclosure of project-related conflicts of interest. When conflicts arise, the Board is required to request formal exceptions through the Utah Attorney General's Office and from the HUD Regional Office.

BOARD MEMBERS

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Marty Henrie, Vice Chair

Dan Adams

Mike Akerlow

Garett N. Bangerter

Cass Butler

Mike Glenn

Mark Lundgren

Kip Paul

Tee W. Tyler

John Warner

Kelly Jorgensen, Ex-Officio

Robert Snarr, Ex-Officio

DEPARTMENT OF WORKFORCE SERVICES

Jon Pierpont, Executive Director

Casey Cameron, Deputy Director

Greg Paras, Deputy Director

HOUSING AND COMMUNITY DEVELOPMENT DIVISION

Jonathan Hardy, Director

Rebecca Banner, Assistant Director

Katherine A. Smith, Assistant Director

OLENE WALKER HOUSING LOAN FUND STAFF

Shelli Glines, Director of Housing Programs

Annette Despain

Steve Fox

Daniel Herbert-Voss

Robert Kohutek

Jess Peterson

Lori Poll

Lora Rees

Elias Wise

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2017

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